

MINUTES

**California Health Facilities Financing Authority
("CHFFA")
915 Capitol Mall, Room 587
Sacramento, California 95814**

May 30, 2013 – 1:45 P.M.

Deputy Treasurer, Michael Paparian, serving as Chairman, called the meeting to order at 1:50 P.M.

Roll Call

Members Present: Michael Paparian, for Bill Lockyer, State Treasurer
Ruth Holton-Hodson for John Chiang, State Controller
Jennifer Rockwell for Ana J. Matosantos, Director of Finance
Jay Hansen*
Ann Madden Rice
Dr. Oscar Sablan

Members Absent: Samuel Qiu
Jack Buckhorn

Chairman Paparian declared a quorum present.

Approval of the Minutes from the April 25, 2013 Meeting

Ms. Holton-Hodson moved approval of the minutes and Ms. Rockwell seconded the motion. Motion adopted a 5-Aye unanimous vote.

Executive Director's Report

CHFFA Fund Balances and Comprehensive Debt List Summary

Barbara Liebert, Executive Director presented the fund balances for the record as of April 30, 2013. Also included were the CHAMP fund balance and the Comprehensive Debt List Summary of CHFFA's top 15 borrowers.

Tax Exempt Bond Delegation of Powers Monthly Update - Catholic Healthcare West/Dignity Health ("DH") – Series 2004 J and K, and 2009 H. DH asked the Authority to execute five Loan Fund Transfer Certificates for Series 2004 J and K and 2009 H bonds totaling approximately \$150 million, which would allow DH to use moneys generated from the 2004 and 2009 Series issued under a Revolving Loan Program. The Executive Director executed the requisite documentation on April 14, 2013.

HELP II Loan Program Delegation of Powers Monthly Update

No action taken.

California Health Access Model Program (“CHAMP”) Status Update

Ms. Liebert reported 13 out of 20 proposals describing a variety of demonstration projects will be invited to submit full grant applications. The seven proposals not invited will receive a letter articulating why their proposal was not eligible.

Site Visits

Ray Artinian, Program Manager and Michael Tang, Staff Analyst visited Innovative Health Care Services, Inc. dba Peg Taylor Center for Adult Day Care Center (“Peg Taylor”) on May 1, 2013. The purpose of the site visit was to review and evaluate Peg Taylor’s day-to-day operations as an Adult Day Health Care service provider that serves the rural region of Butte, Glenn and Tehama Counties.

At the March 28, 2013 Authority meeting, the Authority approved extending the remaining loan term from September 2019 to September 2028 by an additional eight years to reduce Peg Taylor monthly debt service payments to improve its ongoing fiscal challenges.

Strategies for Change Update

Ms. Liebert provided an update on Strategies for Change (“Strategies”), a current HELP II Loan borrower. She stated the Authority may recall that Strategies previously requested the Authority to exonerate its loan. The exoneration was not granted, however, it was granted a re-amortization of its loan. She reported Strategies was complying with all of the conditions related to the granting of the re-amortization and appears to be improving financially despite the fact that they continue to have some management issues. One of the conditions in the resolution for re-amortization was Strategies must provide the Authority with a business plan that is acceptable to the Authority. The Authority received a business plan. Macias Gini & O’Connell, the Authority’s financial analyst, reviewed it and found it to be too general. The Authority in turn requested Strategies provide more specific details and gave it 90-days to report back. Ms. Liebert also mentioned Strategies is making its payments timely and is even making its payments ahead of time. She reported staff will keep an eye out on Strategies and will keep the Authority apprised of its status.

CHFFA’s 2011-2012 Financial and Performance Audits

Ms. Liebert presented the performance and financial audits by CohnReznick LLP to the Authority. The Authority’s first performance audit was reported in 2011. Specific recommendations were given for each Program and were implemented by staff. Chairman Papanian noted there were no findings on the reports.

*Mr. Hansen joined the Authority meeting at 2:04 P.M.

Item #4 Health Facilities of Certain Affiliated Corporations of St. Joseph Health System (“SJHS”), Irvine, California, Resolution No. 391

Carolyn Aboubechara, Staff Analyst reported St. Joseph Health System requested approval of \$850,000,000 in tax-exempt bond proceeds. Bond proceeds would be used for financing new capital projects at five SJHS acute care hospital facilities and for refunding the outstanding City of Newport Beach bonds of Hoag Memorial Hospital Presbyterian, a new affiliate of SJHS.

Representing St. Joseph Health System: JoAnn Escasa-Haigh, Senior Vice President of Finance; John Landers, Managing Director, Morgan Stanley; Adam Bryan, Vice President, Morgan Stanley; and Michele Dulik, Bond Counsel, Sidley Austin, who appeared via phone.

Staff recommended the Authority approve Resolution No. 391 in an amount not to exceed \$850,000,000 subject to the conditions in the resolution, including a bond rating of at least investment grade by a nationally recognized rating agency. Macias Gini & O'Connell, LLP, the Authority's financial analyst, and Public Financial Management, Inc. the Authority's financial advisor, concurred with the Authority's staff recommendation.

Chairman Paparian stated there was one change in Exhibit A of the resolution. The correction was the amount of licensed beds changed from 485 to 484 licensed beds.

Chairman Paparian asked if there were any questions or public comment. Hearing none, Mrs. Rice moved approval of Resolution No. 391 and Ms. Holton-Hodson seconded the motion. The motion was adopted with a 6-Aye unanimous vote.

Item #5 **Rady Children's Hospital – San Diego ("Rady"), San Diego, California, Resolution No. CHP-3 2013-05**

Jim Rennie, Staff Analyst reported Rady requested \$2,188,859 in grant funds to reimburse the costs associated with renovating and equipping both the relocated Helen M. Bernardy Center for Medically Fragile Children and the interventional catheterization laboratory.

Representing Rady Children's Hospital – San Diego via phone: Barbara Ryan, Vice President, Government Affairs and Lisa Lomas, Coordinator Government Grants.

Staff recommended the Authority approve Resolution No. CHP-3 2013-05 for Rady Children's Hospital – San Diego to provide a grant not to exceed \$2,188,859 subject to all requirements of the Children's Hospital Program of 2008.

Chairman Paparian asked if there were any questions or public comment. Hearing none, Dr. Sablan moved approval of Resolution No. CHP-3 2013-05 and Mr. Hansen seconded the motion. The motion was adopted with a 6-Aye unanimous vote.

Item #6 **Community Clinic Grant Program of 2005 (CCGP) Reinstatement of Resolution No. 2006-13**

Brock Lewis, Staff Analyst reported Planned Parenthood of Santa Barbara, Ventura & San Luis Obispo Counties, Inc., the last remaining waitlist grantee, requested the Authority reinstate Resolution No. 2006-13 to allow staff to disburse grant funds in the amount of \$250,000 from the Community Clinic Grant Program of 2005 (CCGP). Although Planned Parenthood of Santa Barbara, Ventura & San Luis Obispo Counties, Inc. was placed on the waitlist in 2006, it was recently evaluated that sufficient monies existed for disbursement and STO staff counsel concluded disbursement of the funds was permitted under the regulations.

Representing Planned Parenthood of Santa Barbara, Ventura & San Luis Obispo Counties, Inc. via phone, Cheryl Rollings, President, CEO.

Staff recommended the Authority approve the reinstatement of Resolution No. 2006-13 to allow final disbursement of Community Clinic Grant Program of 2005 grant funds to Planned Parenthood of Santa Barbara, Ventura & San Luis Obispo Counties, Inc.

Chairman Paparian asked if there were any questions or public comment. Hearing none, Mrs. Rice moved approval of Reinstatement of Resolution No. 2006-13 and Ms. Holton-Hodson seconded the motion. The motion was adopted with a 6-Aye unanimous vote.

Item #7

Other Business

Chairman Paparian stated the next Authority meeting would be held on June 14, 2013 at 1:00 P.M. Chairman Paparian further asked for public comment, hearing none and with no additional business, the meeting was adjourned at 2:25 P.M.